

INFORMATION REPORT

CD NO.

COUNTRY Germany (Russian Zone)

DATE DISTR. 20 APR 51

SUBJECT Role of DAIA as a Central Purchasing Agency
for the Soviet Satellite States

NO. OF PAGES 2

25X1A

NO. OF ENCL'S.
(LISTED BELOW)

25X1A

25X1X

SUPPLEMENT TO
REPORT NO.

25X1A

25X1X

1. Officials of DAIA (Deutscher Aussenhandel), the official East German agency for foreign trade, held discussions with some West German manufacturers' representatives during December 1950. Strenger (fmu), the chief of Import-Abteilung 6, the DAIA section responsible for the purchasing of machinery for Eastern Germany, is reported to have remarked that three large presses were required for the Berlin-Pabelsberg railway repair shops. He stated that DAIA was also in the market for presses for Eisenhüttenkombinat Ost at Fürstenberg a. d. Oder and for Eisenhüttenkombinat West at Calbe a. d. Saale.
2. Kohn (fmu), deputy chief of the DAIA section responsible for purchasing heavy equipment for the entire Soviet bloc, is reported to have declared in mid-December 1950 that DAIA was attempting to procure some heavy presses for Communist China. The chief of the Chinese trade delegation, an electrical engineer who at one time worked for a Siemens affiliate in China and who speaks perfect German, amplified Kohn's remarks by stating that presses weighing 1,200 tons and more were on the Chinese procurement agenda.
3. The chief of the DAIA section for shipbuilding and ship repair, Engert (fmu), stated that Eastern Germany was in the market for stationary and floating loading machinery, with the emphasis on the latter type. Engert remarked that much of the East German ship repair work was farmed out to the USSR, Sweden, and The Netherlands. These services were carried out on a barter basis. Holland, for instance, had recently arranged to take from 50,000 to 60,000 gulden worth of textiles, glassware, and Meissen porcelain in exchange for ship repair work.
4. It is reported that DAIA will shortly assume the duty of handling all machinery purchases for the Cominform states, including Communist China but excluding Russia. This measure is calculated, first of all, to prevent western observers from determining the ultimate destination of the purchased goods. All the machinery will flow into Eastern Germany first and will not be distributed among the interested customers until it is safely behind the Iron Curtain.

RETURN TO RECORDS CENTER
IMMEDIATELY AFTER USE
JOB 54-306 BOX 41
23737

25X1A

~~CONFIDENTIAL~~

Document No. 9

No Change In Class.

Declassified

ZR0973004600508 TS S

Auth.: HR 70-2

Date: 28 JUL 1978 By: 034

~~SECRET/CONTROL - U.S. OFFICIALS ONLY~~

CENTRAL INTELLIGENCE AGENCY

25X1A
[REDACTED]

-2-

5. Another reason behind the move is the principle that one strong purchaser is in a better position to strike sharp bargains than ten small ones. Furthermore, since the East German railways are under direct Soviet control, the Russians can keep a close check on all traffic in machinery and at the same time make a profit on freight fees.
6. Finally, the DAIA purchasing agents are considered more experienced and less corruptible than their opposite numbers in the other satellite states. The section chiefs of the DAIA organization are frequently well-known experts in their fields. Dr. Thomann, the director of DAIA, for instance, was formerly a bureau chief in the Nazi Ministry of Weapons and Munitions. Hämfler (fnu), the chief of the Machine Division of DAIA, was at one time head of the Heavy Machinery Section of Eckardt & Co., Hamburg and at the same time chairman of the Hamburg Machinery Procurement and Salvage Commission (Maschinenauktionäkkommission Hamburg), a Nazi wartime agency.

~~SECRET/CONTROL - U.S. OFFICIALS ONLY~~

~~CONFIDENTIAL~~